



September 2, 2015

TO ALL UTILITY COMMISSION MEMBERS:

GERRY WARNER
BOB MULLEN
JERRY FREY
DAN CASEY
PAT BECKER

This is to inform you that there will be a Utility Commission Meeting on **September 2, 2015 at 3:30 p.m.** in the Administrator's office at the Civic Center.

AGENDA:

1. Call to order
2. Adoption of agenda
3. Approval of previous commission meeting minutes
4. Approval of bills and disbursements – August 2015
5. Public Comment
6. 2014 Financial Audit Presentation
7. WPPI Contract Extension
8. Staff Reports
9. Communications and miscellaneous correspondence
10. Adjourn

Mike Darrow
Utility Manager

A majority of the members of the New Richmond City Council may be present at the above meeting.

Pursuant to State ex rel. Badke v. Greendale Village Board, 173 Wis. 2d 553, 494 N.W. 2nd 408 (1993) such attendance may be considered a meeting of the City Council and must be noticed as such, although the Council will not take action at this meeting.

July 8, 2015

The regular meeting of the New Richmond Utility Commission was held on August 5, 2015 at 3:30 p.m. at the Civic Center.

Jerry Frey called the meeting to order at 3:30 p.m.

Members Present: Jerry Frey, Bob Mullen, Dan Casey, and Pat Becker.

Members Absent: Gerry Warner

A motion was made by Dan Casey to approve the agenda, seconded by Bob Mullen, and carried.

A motion was made by Bob Mullen to approve the minutes of the July 8, 2015 meeting, approve bills, and disbursements, seconded by Dan Casey, and carried.

Public Comment – None

WPPI Contract Extension – This extension is an amendment to the current power supply contract that goes through the mid 2030's. The proposal is to extend the contract to 2050. Currently the amendment is being reviewed to determine the reasons for the extension. One of the main reasons is for the financial stability of WPPI. This will be a standing agenda item over the next few months while it is reviewed.

Solar Garden Project – Project Agreement Approval – The statewide Solar Projects have been receiving some good PR through the Milwaukee Journal. Mike Darrow commended Weston Arndt on his professionalism relating to this project. TIF 6 is the location chosen by the City Council for this project. It is currently in the site planning stage. As part of the Community Solar Garden Project, an Agreement is required to be entered into between WPPI Energy and New Richmond Utilities. It details the framework for how the program will work and the associated requirements. The agreement was reviewed by the City Attorney. A motion was made by Bob Mullen to approve the execution of the Community Solar Garden Project, seconded by Dan Casey, and carried.

Approval of CMAR Report and Resolution – The Compliance Maintenance Annual Report was reviewed by the Utility Commission. The WWTP received a grade point average of 4.0 and are in good standing. A motion was made by Dan Casey to approve the Compliance Maintenance Resolution, seconded by Pat Becker, and carried.

South Water Tower Logos – At the previous Utility Commission meeting, Commission members expressed concern about the placement of the lettering for "New Richmond" on the south water tower. Staff were directed to look into previous action that the commission had taken. Preliminary drawings showed the existing logo locations (which were on the southeast and north sides of the tank), as well as proposed locations for both the lettering and the Tiger logo. The direction the staff took away from the meeting was that the lettering would only be placed in one location, and the Tiger logo in one location – replacing the existing lettering on the north and southeast quadrants of the tank. The option of adding a lettering location on the southwest quadrant of the tank was not desired by the Commission at this time, but could be added at a later date.

2015 Street/Utility Projects Update – City staff and consultants have been working on design of the 2015 Street and Utility projects. Most of the projects are primarily street-related for 2015, they include 175th Avenue, 115th Street, and High street/N Pierson Avenue. Recently, the extension of a street to the Culvers site has been added to the construction schedule for 2015 as well. With the extension of a road to the Culvers site, water, sewer, and electric will also be extended. The High Street reconstruction project will allow for the abandonment of an existing 2-inch watermain that serves two residences. The services will be replaced and connected to a 10-inch watermain, which will bring the system into compliance with modern codes. Projected cost to the Utility would be \$11,000.00. One of the primary purposes of the 115th Street project is to improve access to the WWTP for trucks hauling biosolids to Ellsworth, and hauling centrate back to the WWTP.

Based on the impact these trucks have on this street, staff has proposed that 20% of the project cost be assessed to the wastewater utility. Based on current estimates, this would amount to \$64,340.00. It was noted that the City Council has approved these projects. A motion was made by Bob Mullen to approve the expenditures noted from Utility funds for the 2015 Street and Utility projects, seconded by Pat Becker, and carried.

Sewer Televising Bid Award – Staff solicited bids for sewer televising to be done on the north side of the City. The Utility budgeted up to \$25,000.00 for this service. Staff will clean the sewer lines prior to the televising service. A motion was made by Bob Mullen to award the bid for sewer televising to R&R Waste Systems Cleaning at a rate of \$0.60/ft for a total cost not to exceed \$25,000.00, seconded by Dan Casey, and carried.

South Water Tower Application for Payment #2 – An application for Payment No. 2 from Champion Coatings in the amount of \$156,912.67 for work completed for the South Water Tower Reconditioning Project was reviewed. Work performed on the project to date for which the contractor is requesting payment is generally in conformance with project plans and specifications. There is \$18,253.00 held in retainage. A motion was made by Dan Casey to approve payment in the amount of \$156,912.67 to Champion Coatings, seconded by Pat Becker, and carried.

Department Reports:

Bob Meyer, Water Superintendent:

Sewer and water are in and tested at the Culver's site. Three water leaks have been repaired on North 3rd Street. Jetting has been started. Lots of locating is taking place. Cross connection and meter changes are ongoing.

Steve Skinner, Lead Wastewater Treatment Plant Operator, gave the following report:

The grating and the hand rail have been installed around the Huber. A new pump was installed to feed the alum chemical. This pump works off the actual flow of water leaving the plant, using chemical only as needed, resulting in a cost savings. Predicting it will take a few weeks to fine tune this process. Steve will be attending the upcoming monthly Biosolids meeting. Discussion will take place concerning their long range planning. Generator is due to be serviced within the next week.

Tom Rickard, Electric Superintendent, gave the following report:

The North Substation is back online. Projected costs of repairs will be close to \$100,000.00. The extension to Phillips Plastics has been completed. Eric Knutson continues to help do electric disconnects for the Utility office. The street light conversion is going well. There has been positive feed back on the conversion to LED lights. There was a transformer failure on Williams Ave. The fence at the electric shop was cut. A police report was filed, but it is unknown at this time if anything was taken. There was an outage on North Shore Drive. Black top has been laid on the West Alley. Culver's is prepped and ready to begin. Motor Week TV Show will be coming to do a segment on the Electric department relating to emergency preparedness and alternative fuels, highlighting the hybrid.

Jeremiah Wendt, Director of Public Works, gave the following report:

There is a plan set for the road to Culver's. The water and sewer extension to Culver's will be funded by TIF 6. The Utility and Street projects will be bidding concurrently. MSA was approved to do the Wastewater Facility Plan. It is currently on hold while a decision is being made by the DNR on what will be done with our phosphorous effluent requirements. A funding application was submitted for the North 4th Street project for a possible grant for an amount up to two million dollars.

Nancy Petersen, Finance Director, gave the following report:

2014 Financials – A representative from Baker Tilly will present their findings at the September 2 Utility Commission meeting. We are distributing copies of the financials today so that you have some time to review them before September 2.

Act 274 – Tariff Changes to Deferred Payment Agreements (DPA's) - The public hearing was held on July 21, 2015 at 10:30 a.m. in the Utility Manager's conference room. Mike and Nancy attended this hearing.

No public was in attendance. The Final Order was received for both the Electric and Water and these new tariffs become effective August 6. This will be available at our office, on the internet and distributed with new customer kits either via email or by coming into the office. We will also be including this announcement on the next bills. The new tariff reads:

Deferred Payment Agreements

New Richmond Utilities shall offer deferred payment agreements to residential accounts and may offer such agreements to other customers. However, New Richmond Utilities will not offer a deferred payment agreement to a customer who is a tenant if any of the following criteria apply:

1. The residential tenant has greater than \$100 of account arrearages that are more than 90 days past due for utilities that bill monthly; or for utilities that do not bill monthly, has greater than \$100 of account arrearages that are past due for more than two billing cycles.
2. The tenant has defaulted on a deferred payment agreement in the past 12 months. This criterion only applies to deferred payment agreements and not to other types of payment extensions or agreements.
3. The residential tenant is responsible for account arrearages that were placed on any property owner's tax bill in the utility's service territory in the past 24 months.
4. The residential tenant has a balance that accrued during the winter moratorium that is more than 80 days past due.

Customer Appreciation Picnic - August 4 – Our annual Customer Appreciation Picnic was held on August 4. While the picnic portion was as in years' passed, this year we included booths from various departments and a dunk tank. We had approximately 700 people in attendance.

Utility Office – The Village of Frederic Water Department purchased our handheld for \$4,500. Sensus would not issue a refund to us for the unused portion of our software support; instead we negotiated receiving seven water meters valued at about \$840.

Actual vs. Budget through June 2015 - An actual vs. budget Income Statement through June 2015 was distributed.

Weston Arndt, WPPI Energy Services Rep, gave the following report:

Energy Services Work

- Energy efficiency work has been completed for Barley John's, St Croix Power Sports, and St Croix Press.
- Wisconsin Lighting has chosen a lighting product and is in the process of finalizing their shared savings agreement. The loan amount will be about \$17,000.
- Working with Domain on compressed air and lighting measures in hopes to have an application for the WPPI Energy RFP for Energy Efficiency program.
- The Phillips Medisize central resin processing and drying system will be slightly delayed, with expected completion in February 2016. This was the project as part of their expansion that they receive a large RFP for Energy Efficiency incentive.
- Following the customer appreciation event, we now have 74 customers signed up on our interest list for the community solar garden.
- The Public Service Commission will be reviewing our application for the community solar program at their August 6 open meeting. If all approvals are received as expected, construction would begin in late September or early October, and take about one month for completion.

Mike Darrow, Utility Manager, gave the following report:

A thank you note was read by Mike Darrow that was sent to New Richmond Utilities complimenting the customer service provided by the utility staff. National Night Out, and the New Richmond Utility Customer Appreciation Picnic took place on August 4, 2015. Nancy Petersen and Mike Darrow were in on a phone call with the PSC relating to a tariff change to deferred payment agreements. There was no public participation. Nancy Petersen, and Mike Darrow were also part of a call with Moody's concerning the Electric Bond rating. Moody's had specific questions relating to the 500 foot rule. There was also discussion on our 10 year plans. Having those capital improvement planning documents help to assess our overall financial conditions. Hoping to receive the final bond rating as early as Friday. Baker Tilly will be present at the next meeting to give an update on the audit.

Communications and miscellaneous correspondence – None

There being no further business, a motion was made by Dan Casey to adjourn, seconded by Pat Becker, and carried. The meeting adjourned at 4:35 p.m.

Jerry Frey, President

Bob Mullen, Secretary

New Richmond Utilities

Aug-15 Check Register

Check #	Date	Amount	Vendor Name	Description
000793	8/6/2015	59,981.14	CITY OF NEW RICHMOND	PAYROLL 8/7/15
000794	8/7/2015	13,114.55	US BANK CORPORATE PAYMENT SYSTEM	WATER JULY PCARD BILL
000795	8/11/2015	3,355.07	CITY OF NEW RICHMOND	JULY MONTHLY BILL
000796	8/11/2015	5,112.99	CITY OF NEW RICHMOND	AUGUST INSURANCE
000797	8/11/2015	2,500.00	CITY OF NEW RICHMOND	RENT
000798	8/11/2015	7,332.87	CITY OF NEW RICHMOND	RECYCLING
000799	8/11/2015	21,593.32	CITY OF NEW RICHMOND	STORM WATER
000800	8/11/2015	100.10	GOLDCOM VOICE & DATA SUPPLY	SPLICE KIT
000801	8/11/2015	3,055.00	K O CONSTRUCTION	WTR LINE LEAK 1965 W 6TH
000802	8/11/2015	5,509.16	NEW RICHMOND UTILITIES	JULY CTC COLLECTIONS
000803	8/11/2015	29.98	VARIETY OFFICE PRODUCTS	PAPER TOWELS
000804	8/13/2015	9,600.00	LOCAL GOVERNMENT INVESTMENT POOL	JULY SAC & WATER IMPACT FEES
000805	8/28/2015	689,921.50	WISCONSIN PUBLIC POWER INC	JUL15 PURCHASED POWER
000806	8/19/2015	83,550.00	LOCAL GOVERNMENT INVESTMENT POOL	AUG15 INVESTMENTS
000807	8/19/2015	29,000.00	LOCAL GOVERNMENT INVESTMENT POOL	AUG15 INVESTMENTS
000808	8/14/2015	31,488.31	WI DEPT OF REVENUE	JULY15 SALE TAXES
000809	8/19/2015	58,651.71	CITY OF NEW RICHMOND	PAYROLL 08/21/2015
000810	8/26/2015	92.62	CITY OF NEW RICHMOND	BEN EXTRAS-HRA MONTHLY ADMIN F
000811	8/26/2015	26.00	CITY OF NEW RICHMOND	BEN EXTRAS-MONTHLY FSA
000812	8/26/2015	486.56	CITY OF NEW RICHMOND	DISABILITY INSURANCE
000813	8/26/2015	23,974.45	CITY OF NEW RICHMOND	HEALTH INSURANCE
000814	8/26/2015	38.27	CITY OF NEW RICHMOND	LIFE INSURANCE
000815	8/26/2015	42,534.42	CITY OF NEW RICHMOND	TAX EQUIVALENT
000816	8/26/2015	1,949.50	COMMERCIAL TESTING LABORATORY	COLIFORM BACT
000817	8/26/2015	760.00	HYDRODESIGNS	CROSS CONNECTION INSPECTION
000818	8/26/2015	2,081.64	INFOSEND, INC	JULY BILLING & POSTAGE
000819	8/26/2015	169.99	MARTY POWERS	SAFETY BOOTS
000820	8/26/2015	21.00	NANCY PETERSEN	REIMBURSE FUEL MTG EAU CLAIRE
000821	8/26/2015	148.53	NORTH CENTRAL LABORATORIES INC	SPIN RING, AMMONIA STANDARD,
000822	8/26/2015	31.80	VARIETY OFFICE PRODUCTS	PAPER TOWELS
000823	8/26/2015	20.00	WISCONSIN STATE LAB OF HYGIENE	FLOURIDE TESTING

033857	8/6/2015	-436.29	MERCADO EL DORADO	CR REF ACCT# 1358600-22
033871	8/4/2015	1,750.00	RUTH HURTGEN CATERING	2015 UTILITY PICNIC
033872	8/6/2015	190.07	BALDWIN TELCOMM	JULY PHONE BILL
033873	8/6/2015	436.29	MERCADO EL DORADO	CR REF ACCT# 1358600-22
033874	8/7/2015	0.00	HD SUPPLY WATERWORKS, LTD	VOIDED - WAS PAID WITH PCARD
033875	8/11/2015	4,895.85	BACKYARD PARADISE LANDSCAPING, LLC	LANDSCAPING AROUND WTR TOWER
033876	8/11/2015	421.50	BAKER TILLY VIRCHOW KRAUSE LLP	FINANCIAL STATEMENT AUDIT
033877	8/11/2015	4,972.29	BORDER STATES ELECTRIC SUPPLY	10/12C UNSH XLPE/600V
033878	8/11/2015	156,912.67	CHAMPION COATINGS INC	PAYMENT #2 SOUTH WATER TOWER
033879	8/11/2015	3,526.83	DUKE'S ROOT CONTROL, INC	SEWER ROOT CONTROL
033880	8/11/2015	1,350.00	ESRI	ARCGIS SINGLE USE LICENSE
033881	8/11/2015	72.80	EXPRESS EMPLOYMENT PROFESSIONALS	WAGE ROXANNE JORSTAD
033882	8/11/2015	893.96	FLEET ONE LLC	JUL FUEL BILL
033883	8/11/2015	589.65	FREEDOM VALU CENTERS	JULY FUEL BILL
033884	8/11/2015	296.09	FRONTIER COMMUNICATIONS	JULY PHONE BILL
033885	8/11/2015	200.00	FUSION METAL PRODUCTS INC	SANDBLAST & COAT FIRE HYDRANTS
033886	8/11/2015	685.00	GEIGLE ELECTRIC LLC	CLEAN 2 VFD'S IN MAIN LIFT STA
033887	8/11/2015	150.00	INDUSTRIAL SAFETY, INC.	ANNUAL FIRE EXTINGUISHER SVC
033888	8/11/2015	512.50	STUART C IRBY CO	STAPLE STEEL
033889	8/11/2015	10,300.93	KRAUSE POWER ENGINEERING, LLC	NORTH SUBSTATION REPAIRS
033890	8/11/2015	250.00	KROLL'S EXCAVATING	BLACK DIRT
033891	8/11/2015	519.39	KWIK TRIP	JULY FUEL BILL
033892	8/11/2015	522.60	MUNSON PLUMBING SERVICE LLC	CHANGE WATER PIPING-SHOP
033893	8/11/2015	91.16	MY RECEPTIONIST, INC	ANS SVC JULY 29-AUGUST 25
033894	8/11/2015	95.20	RIVERTOWN NEWSPAPER GROUP	AD-SEWER TELEVISIONING, WELL 33 V
033895	8/11/2015	752.88	SHORT ELLIOTT HENDRICKSON INC	STREET DESIGNS, N STARR,PAPERJ
033896	8/11/2015	189.30	TOSHIBA BUSINESS SOLUTIONS	MAINT AGREEMENT & COLOR COPY
033897	8/11/2015	238.45	VERIZON WIRELESS	JULY CELL PHONE BILL
033898	8/11/2015	2,748.33	WESCO RECEIVABLES CORP	INTERDUCT
033899	8/12/2015	1,589.76	AMERIPRIDE LINEN & UNIFORM SERVICES	UNIFORM SERVICES
033900	8/26/2015	38.02	ARTHUR JAY MILLER	CR REF ACCT# 823300-24
033901	8/26/2015	7,925.00	BERGERSON-CASSWELL, INC	INSTALL FREQUENCY DRIVE WELL#3
033902	8/26/2015	702.40	BILL FRANKS	CR REF ACCT# 1122900-21
033903	8/26/2015	61.78	BRIAN & REVERIE WILLIAMS	CR REF ACCT# 1908200-26
033904	8/26/2015	451.24	BUELL CONSULTING, INC	REFUND VERIZON N TOWER

033905	8/26/2015	220.95	CAROL PAISLEY	CR REF ACCT# 1006400-21
033906	8/26/2015	115.52	CHAD CHRISTENSEN	CR REF ACCT# 308300-23
033907	8/26/2015	199.00	CLEAR CHOICE PRINTING INC	CROSS CONNECTION SURVEY FORMS
033908	8/26/2015	487.56	CUMMINS NPOWER, LLC	BATTERY
033909	8/26/2015	15.14	DENISE C PETERSON	CR REF ACCT# 217000-22
033910	8/26/2015	800.80	EXPRESS EMPLOYMENT PROFESSIONALS	8/9/15 WAGE R JORSTAD
033911	8/26/2015	58.74	FAMILY FRESH MARKET	DISTILLED WATER
033912	8/26/2015	575.00	GEIGLE ELECTRIC LLC	UPGRADE N WELL TO VFD STARTER
033913	8/26/2015	246.03	GREATON'S JEWELRY	CR REF ACCT# 121700-20
033914	8/26/2015	4,279.03	HD SUPPLY WATERWORKS, LTD	IPERL METERS
033915	8/26/2015	98.98	HUD	CR REF ACCT# 700000-25
033916	8/26/2015	262.00	INDUSTRIAL SAFETY, INC.	ANNUAL FIRE EXTINGUISHER
033917	8/26/2015	1,438.45	STUART C IRBY CO	SQ WASHER
033918	8/26/2015	199.46	ISOMETRIC TOOL & DESIGN	CR REF ACCT# 528000-27
033919	8/26/2015	1,000.00	JACK HOP	2015 PUBLIC POWER SCHOLARSHIP
033920	8/26/2015	32.03	KRYSTAL M NELSON	CR REF ACCT# 700200-22
033921	8/26/2015	17,782.00	LOEHR MANAGEMENT, LLC	SHARED SAVINGS LOAN PROGRAM
033922	8/26/2015	183.99	MAILFINANCE	MAINTENANCE STUFFER MACHINE
033923	8/26/2015	23.80	MC2 PARTNERS	CR REF ACCT# 1029200-20
033924	8/26/2015	80.83	NANCY GLEASON	CR REF ACCT# 212700-21
033925	8/26/2015	122.44	NANCY SIMPSON	CR REF ACCT# 1613200-21
033926	8/26/2015	304.00	NARDINI FIRE EQUIP CO., INC.	CO2 SYSTEM INSPECT, ACTUATOR
033927	8/26/2015	671.49	PUBLIC SERVICE COMM OF WI	ASSESSMENT TARIFF CHANGES
033928	8/26/2015	1,675.00	SCHMITT & SONS EXCAVATING, INC	REPAIRS 441 N 3RD ST
033929	8/26/2015	318.85	SCOTT & TRICIA PERAU	CR REF ACCT# 715600-24
033930	8/26/2015	132.24	STEPHANIE & MITCHELL CAMPEAU	CR REF ACCT# 1463500-27
033931	8/26/2015	109.66	STEPHENS SANITATION LTD	GARBAGE SVC JUNE & JULY
033932	8/26/2015	35.30	THOMAS BARTLETT	CR REF ACCT# 905700-20
033933	8/26/2015	492.43	T-MOBILE	REFUND T-MOBILE UPGRADE
033934	8/26/2015	13,143.03	WEST CENTRAL WIS BIOSOLIDS FAC	JULY BIOSOLIDS
033935	8/26/2015	2,840.40	WESCO RECEIVABLES CORP	NORDIC CBP37-43-15A
033936	8/26/2015	<u>173.02</u>	XCEL ENERGY	JULY GAS BILL

Total \$ 1,348,243.30

Checks & Wires

City of New Richmond Utilities

Report to the Commission

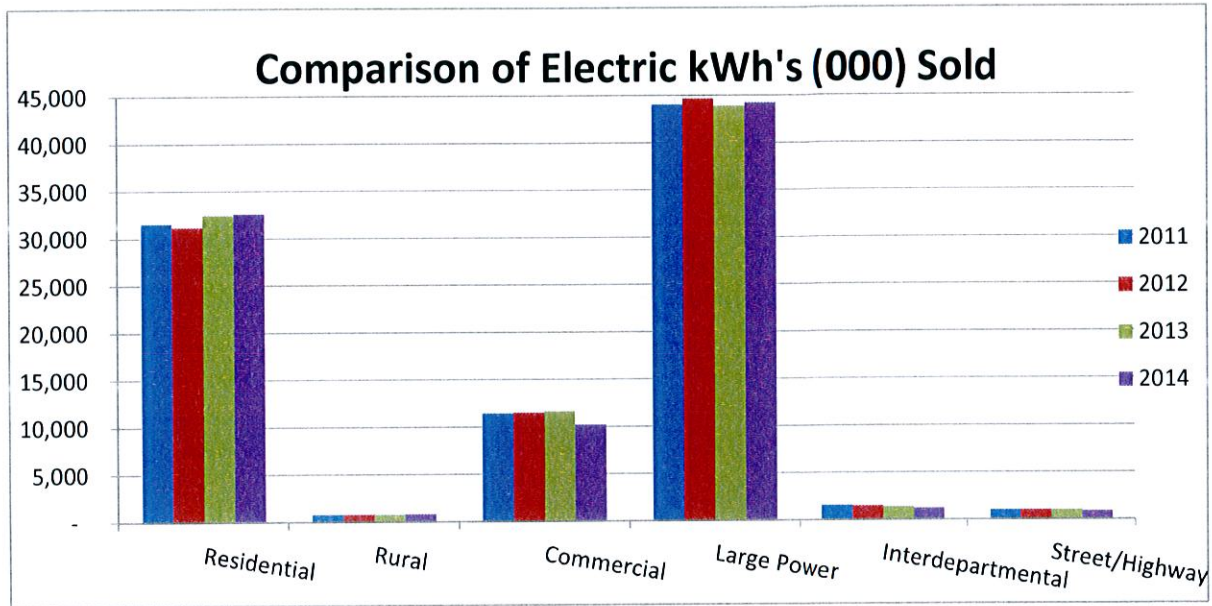
September 2, 2015

Presented By:

Baker Tilly Virchow Krause, LLP
Amanda R. Mboga, CPA, Manager
Amanda.Mboga@bakertilly.com

Note: Actual data was derived from current and prior years audited financial statements and unaudited PSC annual reports.

City of New Richmond Utilities

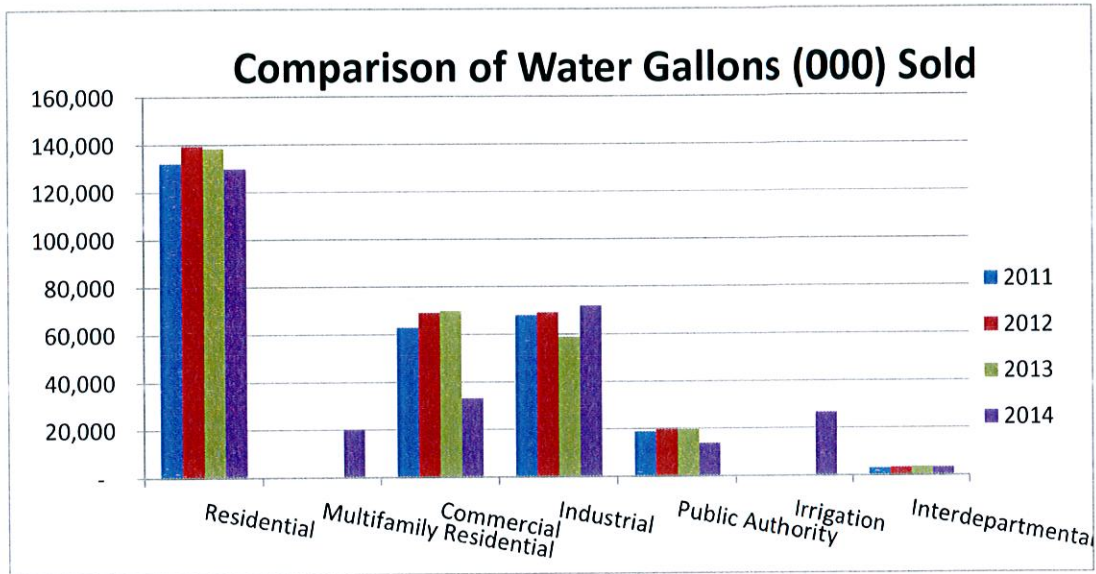


	2011	2012	2013	2014
Residential	31,591	31,179	32,491	32,602
Rural	793	790	809	840
Commercial	11,444	11,501	11,652	10,202
Large Power	44,074	44,691	43,924	44,260
Interdepartmental	1,575	1,521	1,400	1,213
Street/Highway	1,024	1,008	1,015	899
Total	90,501	90,690	91,291	90,016

What it means....

Electric sales have been consistent, decreasing a total of 1% from 2011 to 2014.

City of New Richmond Utilities

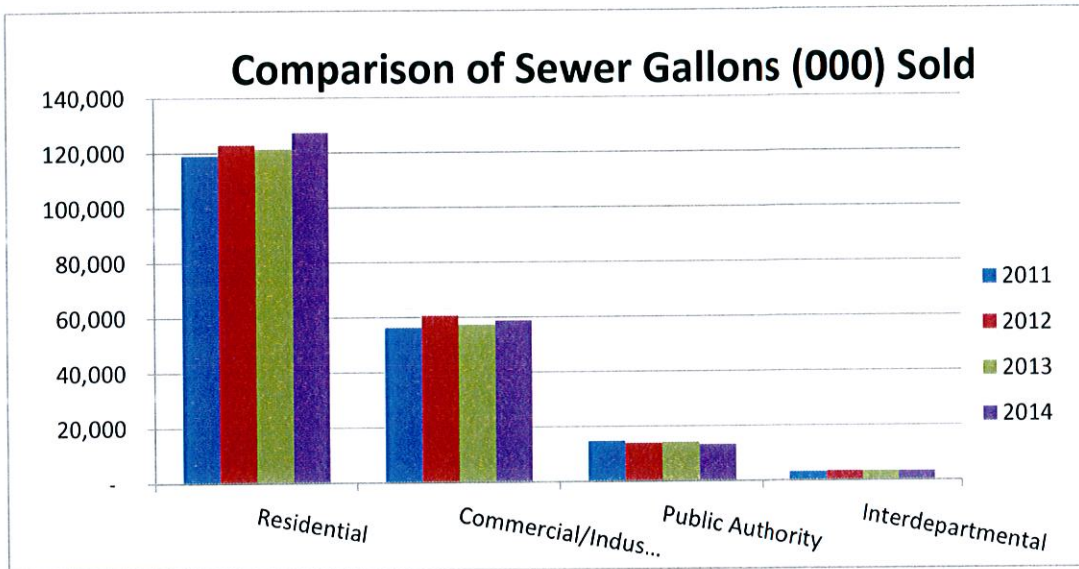


	2011	2012	2013	2014
Residential	132,132	139,409	138,509	129,912
Multifamily Residential	-	-	-	20,122
Commercial	62,917	69,088	69,917	33,133
Industrial	68,118	69,083	58,776	71,950
Public Authority	18,929	19,735	19,890	13,884
Irrigation	-	-	-	26,745
Interdepartmental	3,136	3,498	3,699	3,285
Total	285,232	300,813	290,791	299,031

What it means....

Water volume has remained fairly consistent, increasing 3% from last year and 5% since 2011. The multifamily residential and irrigation categories were new classifications required by the PSCW for 2014. The majority of the multifamily residential volume came from the commercial category while the irrigation volume came from several different categories.

City of New Richmond Utilities

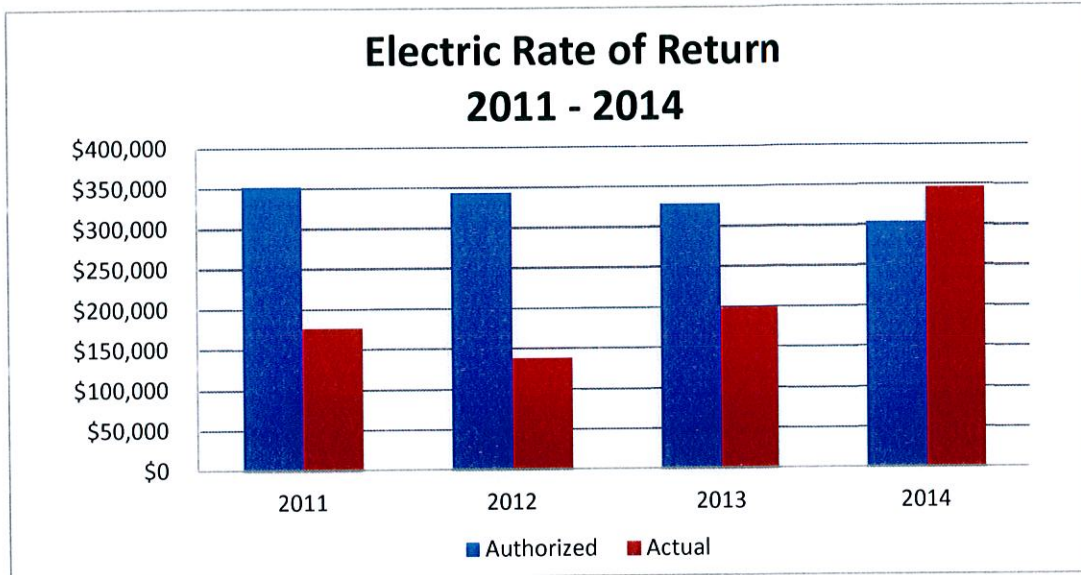


	2011	2012	2013	2014
Residential	118,943	122,847	121,417	127,339
Commercial/Industrial	56,312	60,511	57,338	58,782
Public Authority	14,631	13,826	14,196	13,262
Interdepartmental	3,084	3,410	3,441	3,316
Total	192,970	200,594	196,392	202,699

What it means....

Sewer volumes have remained consistent overall, increasing 5% from 2011 to 2014. Commercial/industrial customer volumes increased by 4.4% during this time while residential volumes increased 7.1%.

City of New Richmond Utilities



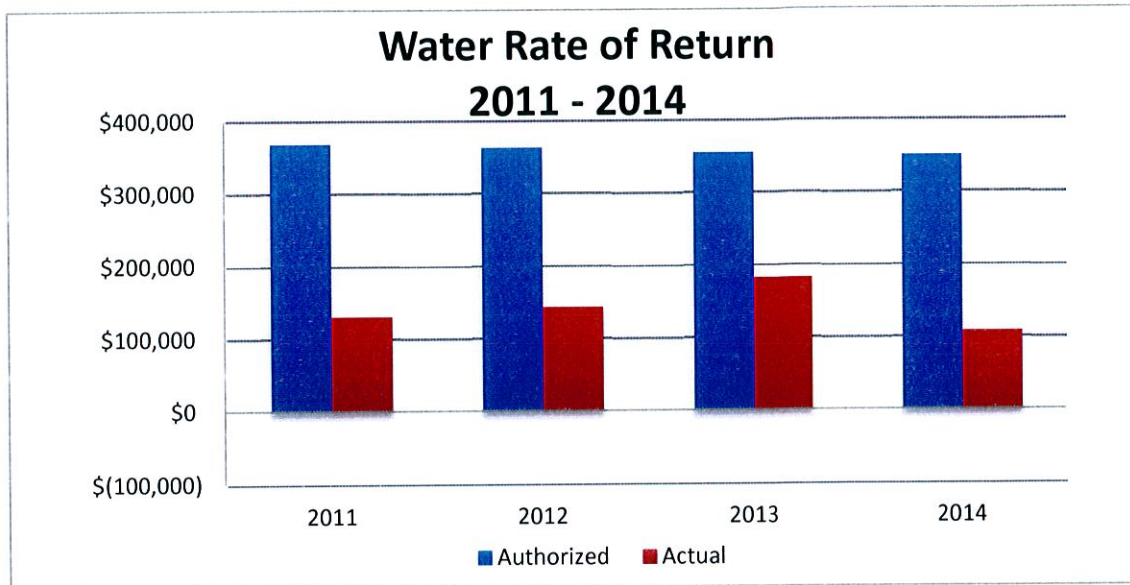
	2011	2012	2013	2014
Net Investment Rate Base	\$ 5,413,477	\$ 5,281,887	\$ 5,054,240	\$ 4,851,272
Authorized Return	6.50%	6.50%	6.50%	6.25%
Authorized Operating Return	\$ 351,876	\$ 343,323	\$ 328,526	\$ 303,205
Actual Operating Income	\$ 176,643	\$ 137,590	\$ 199,003	\$ 346,112
Actual Return	3.26%	2.60%	3.94%	7.13%
Difference	\$ (175,233)	\$ (205,733)	\$ (129,523)	\$ 42,908

What it means...

Rate of return is a key indicator of financial results in a regulated utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current rates were put into effect December 1, 2013. Rates prior to December 1, 2013 were put in effect February 1, 2010.

It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

City of New Richmond Utilities



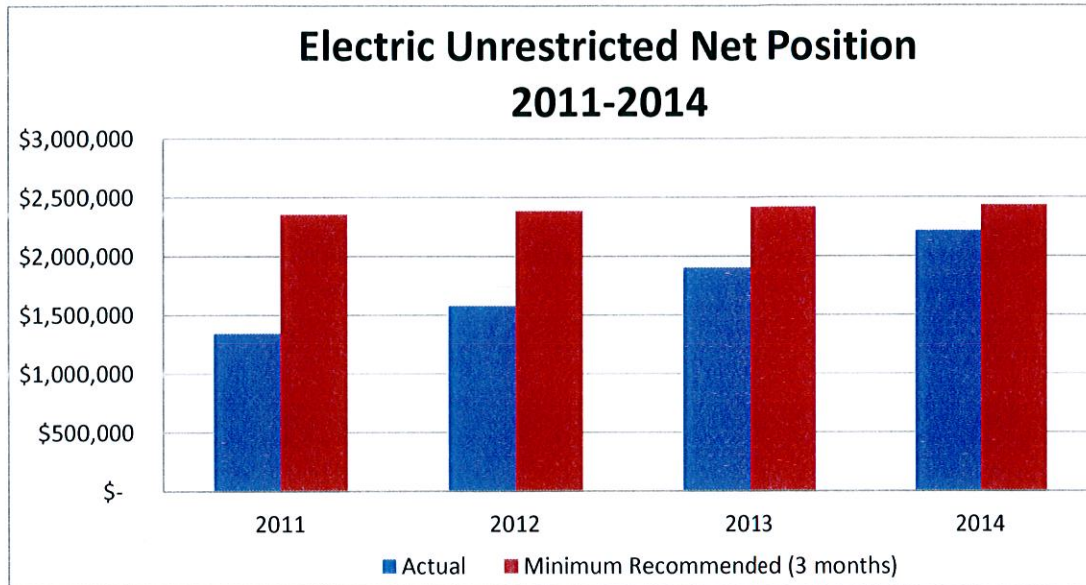
	2011	2012	2013	2014
Net Investment Rate Base	\$ 5,669,058	\$ 5,584,217	\$ 5,457,885	\$ 5,386,037
Authorized Return	6.50%	6.50%	6.50%	6.50%
Authorized Operating Return	\$ 368,489	\$ 362,974	\$ 354,763	\$ 350,092
Actual Operating Income	\$ 130,931	\$ 143,785	\$ 182,121	\$ 107,805
Actual Return	2.31%	2.57%	3.34%	2.00%
Difference	\$ (237,558)	\$ (219,189)	\$ (172,642)	\$ (242,287)

What it means...

Rate of return is a key indicator of financial results in a regulated utility. Any growth in plant requires that rates cover the cost of providing service or the utility will weaken financially in the long run. Current rates were implemented on July 1, 2014. Rates prior to July 1, 2014 were put into effect on February 1, 2013.

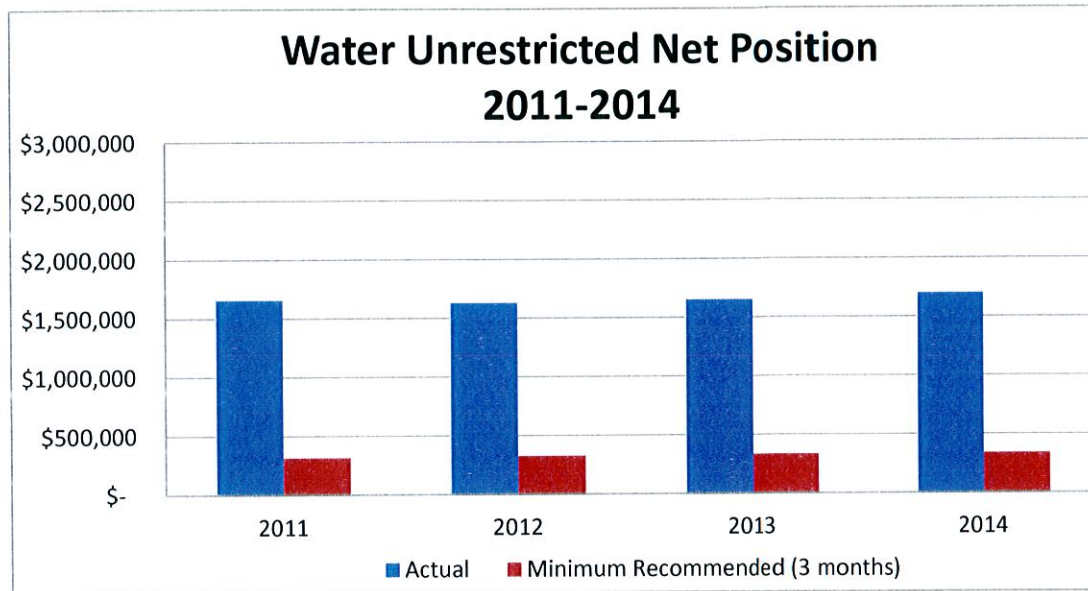
It is important to point out that the operating income reported here will not match what is reported in the financial statements due to PSCW ratemaking rules.

City of New Richmond Utilities



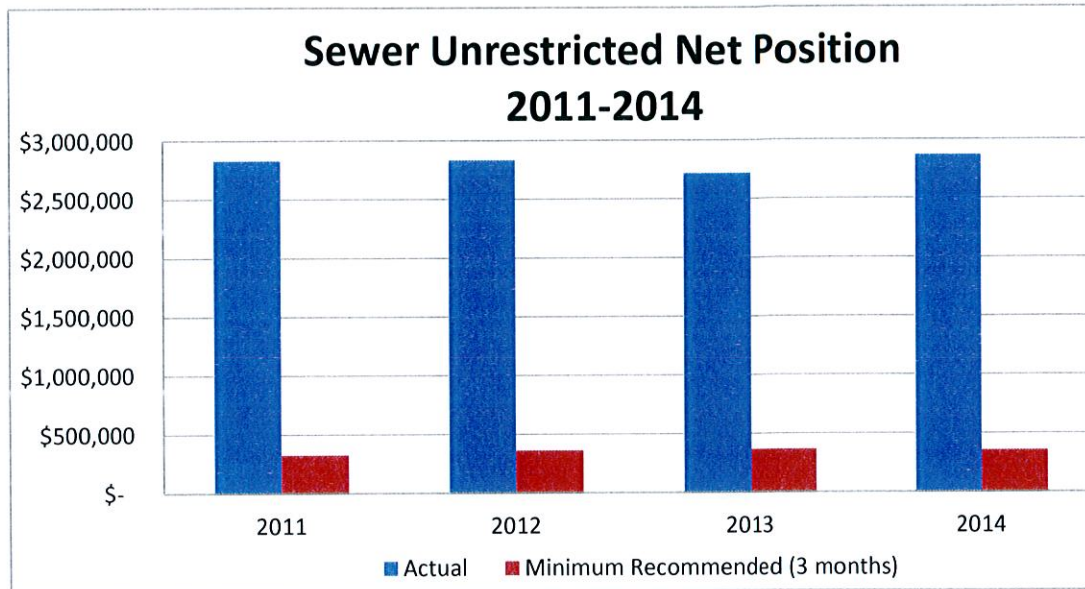
	2011	2012	2013	2014
Funding Benchmark				
Estimated Monthly Revenues	\$ 784,804	\$ 795,871	\$ 805,720	\$ 812,193
Actual Unrestricted Net Position	\$ 1,344,276	\$ 1,576,604	\$ 1,902,577	\$ 2,216,883
Months billings on Hand	1.71	1.98	2.36	2.73

City of New Richmond Utilities



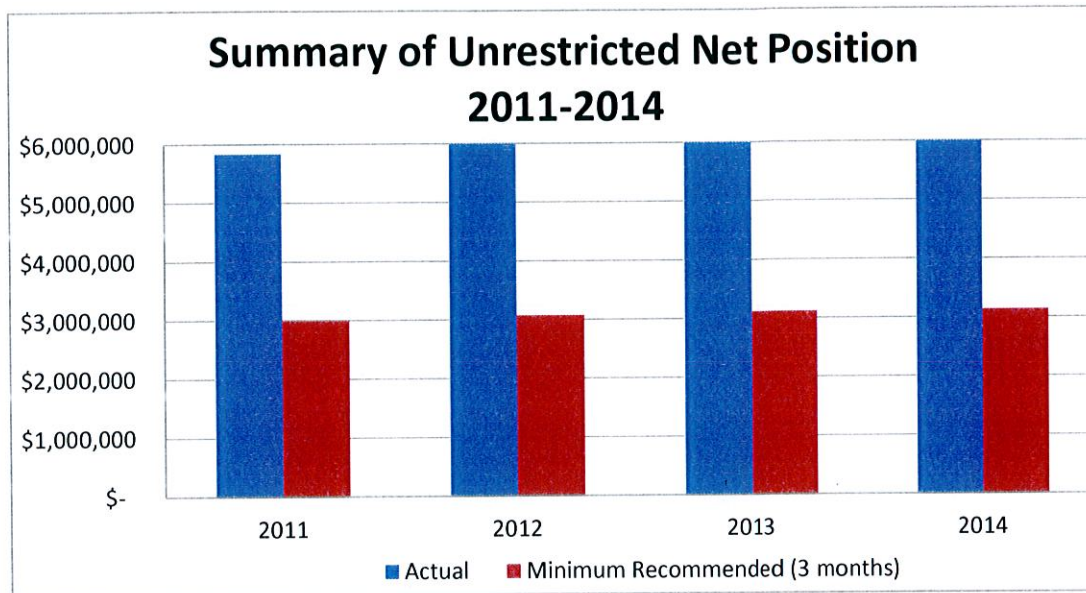
	2011	2012	2013	2014
Funding Benchmark				
Estimated Monthly Revenues	\$ 105,385	\$ 108,661	\$ 111,487	\$ 113,734
Actual Unrestricted Net Position	\$ 1,658,278	\$ 1,632,264	\$ 1,653,305	\$ 1,703,525
Months billings on Hand	15.74	15.02	14.83	14.98

City of New Richmond Utilities



	2011	2012	2013	2014
Funding Benchmark				
Estimated Monthly Revenues	\$ 108,703	\$ 121,222	\$ 122,870	\$ 119,267
Actual Unrestricted Net Position	\$ 2,832,006	\$ 2,834,666	\$ 2,719,774	\$ 2,871,168
Months billings on Hand	26.05	23.38	22.14	24.07

City of New Richmond Utilities

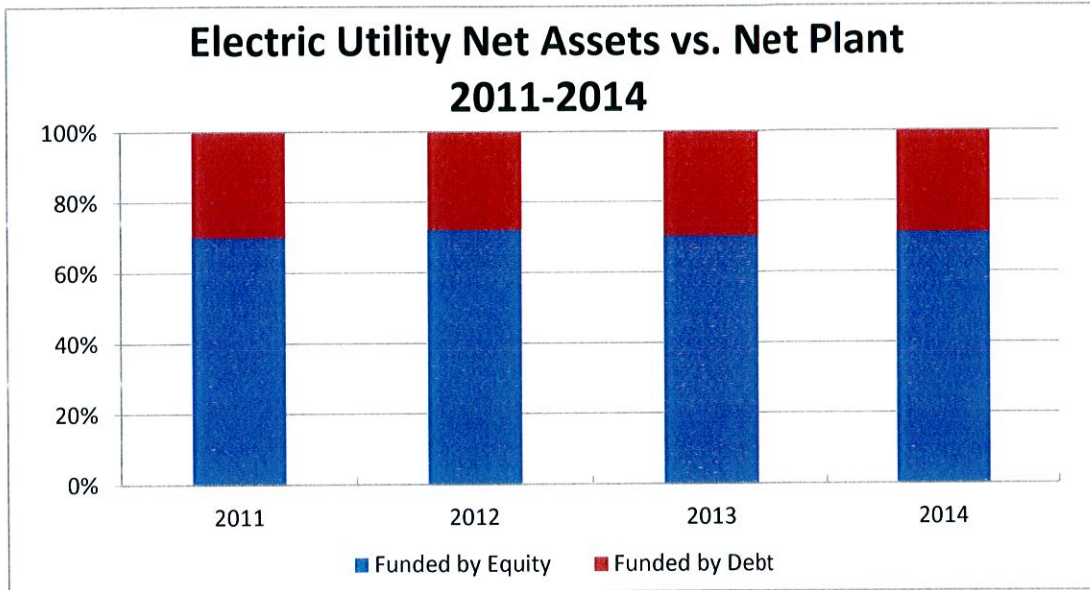


	2011	2012	2013	2014
Funding Benchmark				
Estimated Monthly Revenues	\$ 998,892	\$ 1,025,754	\$ 1,040,077	\$ 1,045,193
Actual Unrestricted Net Position	\$ 5,834,560	\$ 6,043,534	\$ 6,275,656	\$ 6,791,576
Months billings on Hand	5.84	5.89	6.03	6.50

What it means....

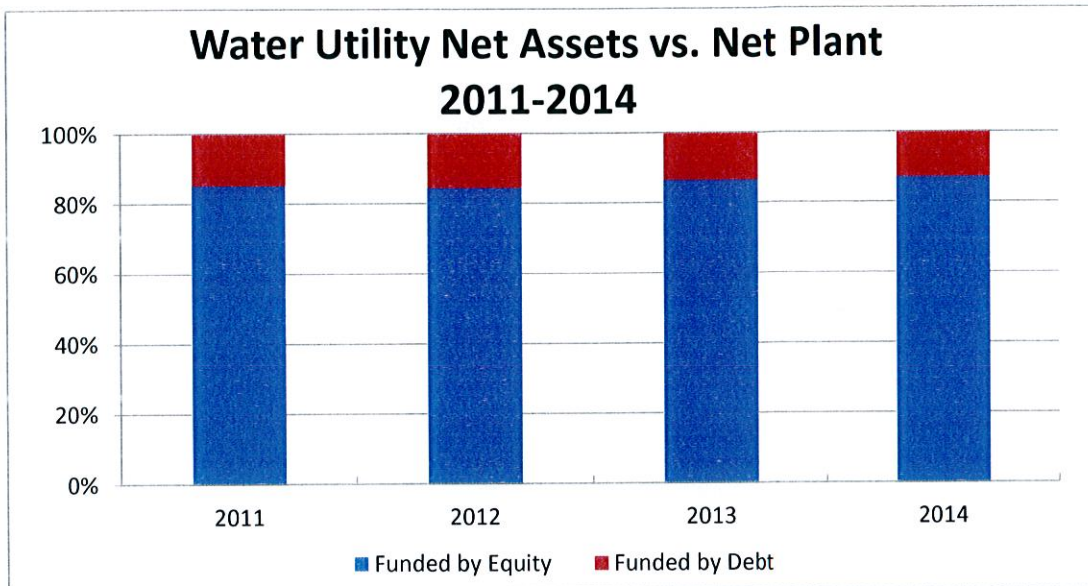
A utility should maintain funds to cover its operations in a normal business operation cycle plus a contingency. In addition, utilities should have available for capital improvements. These funding levels facilitate budgeting since there will be less concern for business cycle fluctuations. The GFOA recommended target is 3 months revenue in reserve.

City of New Richmond Utilities



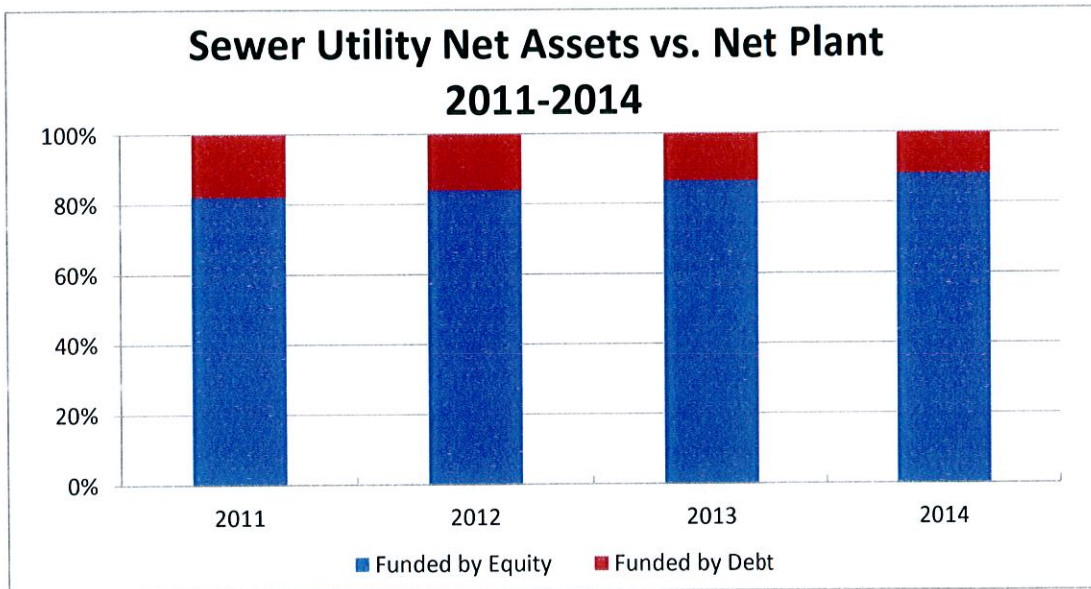
	2011	2012	2013	2014
Net Investment in Capital Assets	\$ 4,612,284	\$ 4,546,161	\$ 4,223,572	\$ 4,124,993
Net Property, Plant, and Equipment	\$ 6,573,470	\$ 6,295,335	\$ 6,006,110	\$ 5,789,829
Percent of Net Plant Funded by Equity	<u>70%</u>	<u>72%</u>	<u>70%</u>	<u>71%</u>
Percent of Net Plant Funded by Debt	<u>30%</u>	<u>28%</u>	<u>30%</u>	<u>29%</u>

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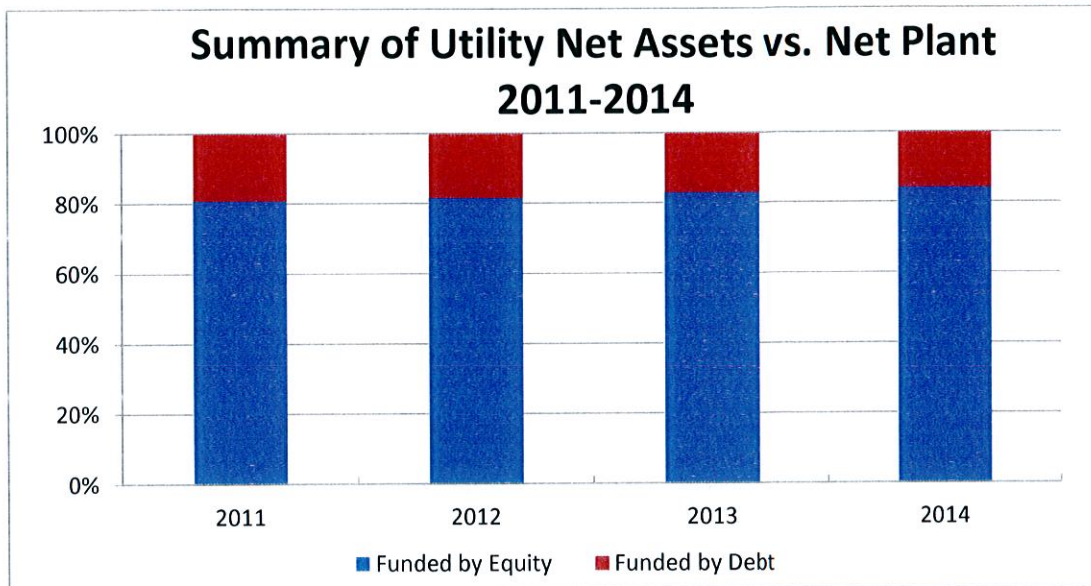
	2011	2012	2013	2014
Net Investment in Capital Assets	\$ 10,863,254	\$ 10,547,365	\$ 10,585,418	\$ 10,550,143
Net Property, Plant, and Equipment	\$ 12,738,987	\$ 12,465,917	\$ 12,227,134	\$ 12,101,715
Percent of Net Plant Funded by Equity	<u>85%</u>	<u>85%</u>	<u>87%</u>	<u>87%</u>
Percent of Net Plant Funded by Debt	<u>15%</u>	<u>15%</u>	<u>13%</u>	<u>13%</u>

City of New Richmond Utilities



	2011	2012	2013	2014
Net Investment in Capital Assets	\$ 8,979,055	\$ 8,781,403	\$ 8,752,220	\$ 8,583,630
Net Property, Plant, and Equipment	\$ 10,917,666	\$ 10,448,122	\$ 10,107,497	\$ 9,720,459
Percent of Net Plant Funded by Equity	82%	84%	87%	88%
Percent of Net Plant Funded by Debt	18%	16%	13%	12%

City of New Richmond Utilities

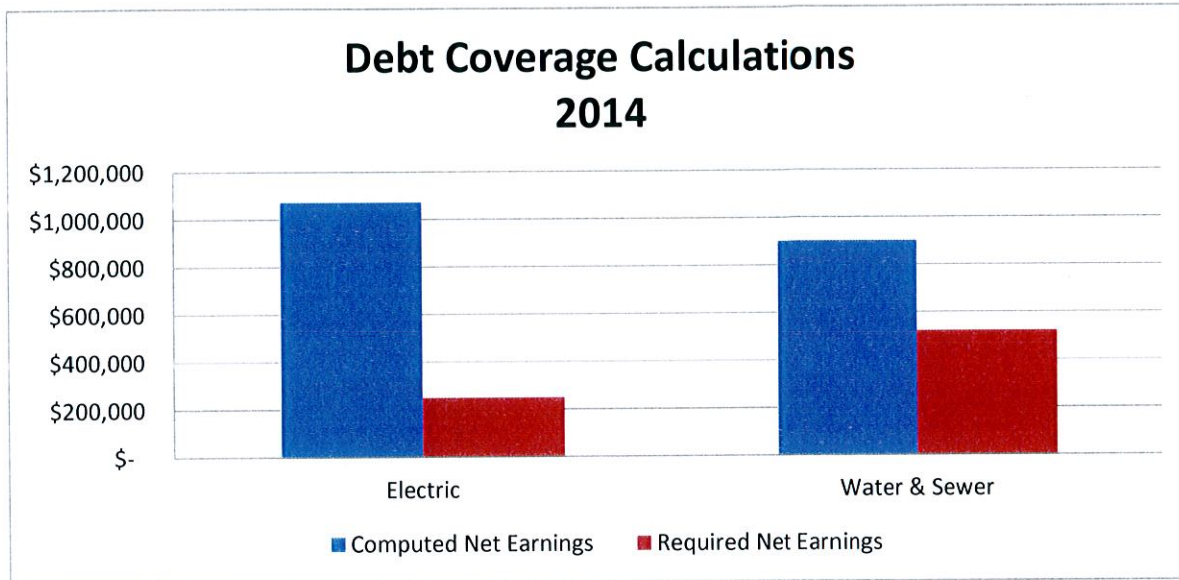


	2011	2012	2013	2014
Net Investment in Capital Assets	\$ 24,454,593	\$ 23,874,929	\$ 23,561,210	\$ 23,258,766
Net Property, Plant, and Equipment	\$ 30,230,123	\$ 29,209,374	\$ 28,340,741	\$ 27,612,003
Percent of Net Plant Funded by Equity	<u>81%</u>	<u>82%</u>	<u>83%</u>	<u>84%</u>
Percent of Net Plant Funded by Debt	<u>19%</u>	<u>18%</u>	<u>17%</u>	<u>16%</u>

What it means....

Obtaining financing for capital improvements is normally a necessity for capital intensive utilities. Management should keep their related debt to a manageable level as this allows you to be less aggressive seeking rate relief and provides more options to address unanticipated expenses. Normal utility target is 50% or more equity and 50% or less debt.

City of New Richmond Utilities

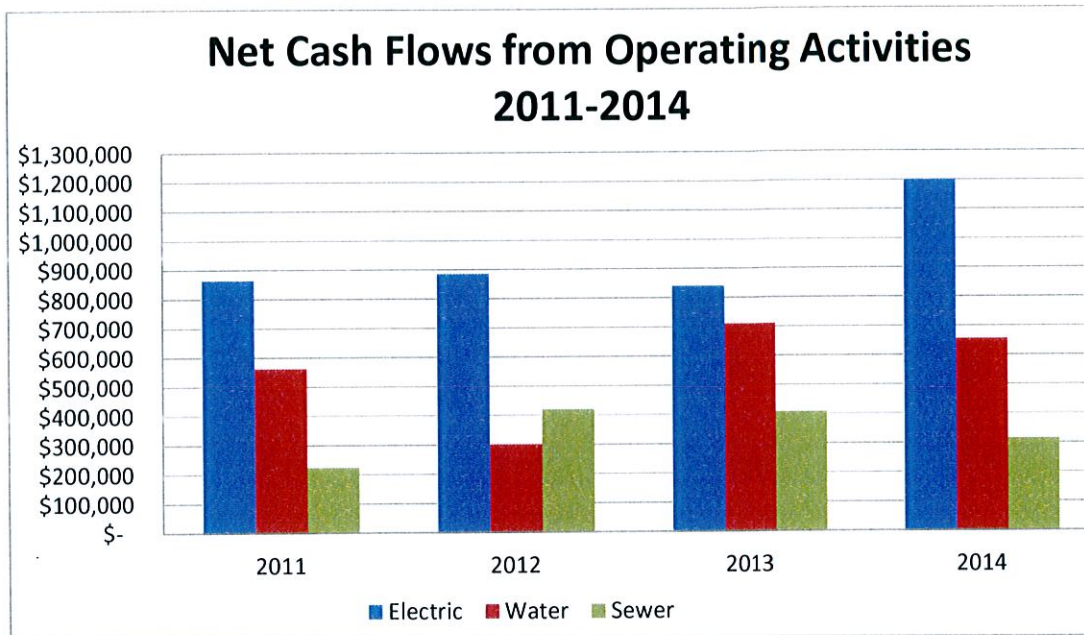


	Electric	Water & Sewer
Accrual based Revenues	\$ 9,746,313	\$ 2,796,002
Accrual Operating Expenses	(9,236,596)	(2,734,808)
Add back: Depreciation	562,543	839,934
Computed Net Earnings	<u>\$ 1,072,260</u>	<u>\$ 901,128</u>
Current Year Revenue		
Bond Debt Service	199,970	417,868
Coverage Factor	<u>1.25</u>	<u>1.25</u>
Required Net Earnings	<u>\$ 249,963</u>	<u>\$ 522,335</u>
Difference	<u>\$ 822,297</u>	<u>\$ 378,792</u>
Coverage	<u>5.36</u>	<u>2.16</u>

What it means....

The bond resolutions require that earnings from the system be 1.25 times the revenue bond annual debt service based on the bond year. The coverage requirement was met in 2014.

City of New Richmond Utilities



	2011	2012	2013	2014
Electric Operations	\$ 865,118	\$ 886,404	\$ 841,441	\$ 1,202,151
Water Operations	\$ 562,495	\$ 301,840	\$ 711,413	\$ 656,960
Sewer Operations	\$ 224,403	\$ 421,243	\$ 409,933	\$ 316,740

What it means....

Cash flow from operations should be sufficient not only to recover operating costs, but also to provide for debt service, transfers to the municipality for PTE and routine plant additions.